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June 23, 1995

Office of the Secretary
Interstate Commerce Commission
Twelfth & Constitution Ave., N.W.
Room 2303
Washington, D.C. 20423

RECEIVED
OFFICE OF THE
SECRETARY
JUN 27 10 12 AM '95
LICENSING BRANCH

RE: Lease/Purchase Agreement
Scrap Service Div. of Midwest Metallics L.P., Lessor
Gandy Dancer, Inc., Lessee

Dear Sir/Madam:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of locomotive equipment and is a primary document dated May 1, 1995. The names and addresses of the parties to the documents are as follows:

Lessor

Scrap Service Div. of Midwest Metallics L.P.
P.O. Box 12
53rd & Joliet Road
McCook, IL 60525

Lessee

Gandy Dancer, Inc.
4420 W. Vickery, #110
Fort Worth, TX 76107

Office of the Secretary
June 23, 1995
Page 2

A description of the equipment covered by the document follows:

<u>Unit No.</u>	<u>Frame No.</u>	<u>Model</u>
2074 (Ex ATSF)	6522-13	GP-7
2101 (Ex ATSF)	5170-11	GP-7
2094 (Ex ATSF)	5170-1	GP-7
2086 (Ex ATSF)	5145-5	GP-7
2106 (Ex ATSF)	5110-9	GP-7

A fee of \$21.00 is enclosed. Please return the original after recordation to Richard F. Loritz, 1100 Ravinia Place, Orland Park, IL 60462

A short summary of the document to appear in the index follows:

A lease of locomotive equipment identified as five (5) locomotives, type GP-7, with Scrap Service Div. of Midwest Metallics L.P., as Lessor, and Gandy Dancer, Inc., as Lessee.

Also attached is an Affidavit executed by the attorney in fact for Scrap Service Div. of Midwest Metallics L.P. and appropriately notarized declaring that the enclosed copy is identical to the original document which is also enclosed.

Very truly yours,

SCRAP SERVICE DIV. OF MIDWEST METALLICS L.P.
an Illinois Corporation

BY:


RICHARD F. LORITZ

ITS: Attorney and Agent in Fact

RFL/sjg

Enclosures



Interstate Commerce Commission
Washington, D.C. 20423-0001

6/27/95

Office Of The Secretary

Richard F. Loritz
Loritz & Associates
1100 Ravinia Place
Orland Park, Illinois 60462

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6.27/95 at 10.20AM , and assigned recordation number(s). 19492.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)
(0100669025)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

AFFIDAVIT

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

The undersigned states that he has read the attached document and that the document attached is identical to the complete and original Lease/Purchase Agreement.

This Affidavit is made pursuant to the procedures in Section 117.3(2)(b) relative to the recordation of documents with the Interstate Commerce Commission.


AFFIANT

Subscribed and Sworn to
before me this 23rd day
of June, 1995.


NOTARY PUBLIC



LEASE/PURCHASE AGREEMENT

This Lease is made the 1st day of May, 1995, by and between Scrap Service Div. of Midwest Metalics L.P., P.O. Box 12, 53rd St. & Joliet Rd., McCook, Il. 60525 (hereinafter referred to as the "Lessor"), and Gandy Dancer, Inc., 4420 W. Vickery, #110, Fort Worth, Texas 76107 (hereinafter referred to as the "Lessee").

WITNESSETH

For and in consideration of the mutual covenants and promises hereinafter set forth, Lessor and Lessee agree as follows:

1. LEASE

Lessor hereby leases to Lessee and Lessee leases and hires from Lessor five locomotives (hereinafter referred to as the Equipment) which are more fully described in Appendix #1 attached hereto.

2. TERM

The term of this lease shall be for a period of 36 months, commencing on July 1, 1995, and terminating on June 31, 1998. The equipment will be delivered to the Lessee by the Lessor by rail, collect. Upon termination of the lease for any reason other than the purchase of the equipment by the Lessee, the equipment should be returned to the Lessor by rail, freight prepaid, in the same condition as delivered to the Lessee, normal wear and tear expected.

3. RENT

The rent to be paid by Lessee to Lessor for such equipment shall be a total of \$396,552.39, payable in monthly installments of \$11,015.36, each monthly installment being due on the 1st day of each month. Rent shall be payable to Lessor at P.O. Box 12, McCook, Il. 60525, or as the Lessor may direct from time to time by written instruction to Lessee. "See Appendix #2 Payment Schedule."

4. OPTION TO PURCHASE

In consideration of the execution and delivery of this lease, and the additional consideration of \$10.00, the receipt and sufficiency of which is hereby confessed, the Lessor hereby grants the Lessee an option to purchase the equipment forming the subject matter of this lease in the following manner: Lessee may purchase equipment at termination of this lease with the payment of \$1,000.00 for each locomotive. The purchase price shall be paid to the Lessor upon the closing of the sale which shall be no later than 10 days after the termination date of lease and at which closing the

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Lessor shall deliver all documents of Title required, with appropriate warranties that said locomotives are free and clear of all liens and encumbrances.

Further, Lessee may exercise option to purchase any of the equipment items prior to expiration of lease by tendering the Lessor the remaining balance as of the date of exercise, discounted to present value and for unearned interest, in accordance with the amortization scheduled attached hereto as Appendix #2, plus the option purchase price of \$1,000.00 each locomotive. In the event the Lessee chooses not to exercise the option to purchase, then the equipment will be returned, freight prepaid by rail, to the Lessor immediately upon termination of the Lease.

Lessee, at its own cost and expense, shall keep the equipment in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required to keep the equipment in good repair, condition and working order. All repairs, parts, mechanisms and devices furnished or affixed to equipment shall thereupon belong to and become the property of Lessor.

5. LOSS, THEFT AND DAMAGE

Lessee hereby assumes and shall bear the entire risk of loss, theft and damage to the equipment from any and every cause whatsoever. No loss, theft or damage of the equipment or any part thereof shall impair any obligation of Lessee under this lease which shall continue in full force and effect.

6. INSURANCE AND OTHER DOCUMENTS

The Lessee agrees to execute any and all UCC documents and/or ICC documents and/or security agreements, all of which may be filed in the appropriate government offices at the expense of the Lessee, in order to establish that the Lessor is the proper owner and the only right, title or interest vested in the Lessee is pursuant to the lease.

7. ENCUMBRANCES AND TAXES

Lessee shall keep the equipment free and clear of all levies, liens and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (Municipal, State and Federal) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of the equipment.

8. INDEMNITY

Lessee shall indemnify Lessor against, and hold Lessor harmless from any and all claims, actions, suits proceedings, costs, expenses, damages and liabilities including attorney's fees

arising out of, connected with or resulting from the use, operation or return of the equipment.

Lessor hereby warrants that it has good title to all the equipment being leased hereunder, free from the claims of third parties.

9. DEFAULT

Any of the following events or conditions shall constitute an event of default hereunder:

A. Nonpayment of any rent or other amount provided for in this lease or any schedule for ten days after the same has become due, whether by acceleration or otherwise or default by Lessee in the performance of any other obligation, term or condition of this lease.

B. If any writ or order of attachment or execution or other legal process is levied on or charged against any or all equipment and is not released or satisfied within ten days of notice to Lessee.

C. The adjudication of Lessee as bankrupt by a court of competent jurisdiction.

D. The filing by or against Lessee of a petition for reorganization under the Bankruptcy Act or any similar statute, or the filing by Lessee of a petition for an arrangement under the Bankruptcy Act or any similar statute.

E. The making of any general assignment by lessee for the benefit of creditors, the appointment of a Receiver or Trustee for Lessee or for any of Lessee's assets, or the institution by Lessee of any other type of insolvency proceeding (under the Bankruptcy Act or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs by Lessee.

F. The occurrence of any event described in this paragraph 9(C), (D), or (E) hereof with respect to any guarantor or any other party liable for payment or performance of this lease, or;

G. If any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Lessee or any guarantor or other party liable for payment or performance of this lease, pursuant to or in connection with this lease proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Lessee

or any sub-guarantor or other party, or if upon the date of execution of this lease, there shall have been any materially adverse change of any of the facts disclosed by any such certificate, statement, representation, warranty or audit, which change shall not have been disclosed to Lessor at or prior to the time of such execution.

10. REMEDIES

Upon the happening of any event of or default hereunder, Lessor may at its sole election and except for lease payments: after providing Lessee 30 days written notice in which Lessee shall have an opportunity to cure any of said defaults:

A. Declare due, sue for and recover from Lessee an amount equal to the present value of all rent and other amounts to become payable by Lessee under this lease, computed at the prime loan rate charged by the Continental Illinois National Bank and Trust Co. of Chicago for short-term borrowings in effect at the time of such payment from the date of such declaration to the date or dates of expiration of the terms with respect to equipment, or terminate this lease as to any or all equipment.

B. Terminate any other lease or agreement between Lessor and Lessee; and,

C. Pursue any other remedy at law or in equity.

Neither this lease nor any interest herein is assignable or transferable by operation of law. In the event of default, if Lessor elects to terminate this lease, such termination shall occur immediately, upon the expiration of 30 days from date of written notice of Lessor's intention to terminate this lease in which the Lessee would have an opportunity to cure, and this lease, after termination, shall not thereafter be treated as an asset of Lessee.

In the event the equipment is repossessed by or surrendered to Lessor, Lessor may sell, lease or otherwise dispose of such equipment upon the giving of 30 days written notice to Lessee of the date, time and place of sale of the equipment in order to allow the Lessee an opportunity to appear and bid on said equipment. The net proceeds thereof (after deducting all expenses, including attorney's fees incurred in connection therewith,) will be applied to the payment of Lessee's obligations hereunder.

Anything to the contrary herein notwithstanding, prior to the exercise of any remedy by Lessor for default, thirty days shall be allowed Lessee to cure such default after written notice of such default from Lessor, except in the case of failure to pay rent, in which case the Lessor may proceed to any remedy for default after providing Lessee ten days written notice in which Lessee shall have

an opportunity to cure said rental default.

11. CONCURRENT REMEDIES

No right or remedy herein conferred upon or reserved by Lessor is exclusive of any right or remedy herein or provided or permitted by law or equity, but shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

12. LESSOR'S EXPENSES

Lessee shall pay Lessor all costs and expenses, including attorney's fees, incurred by Lessor in exercising any of the Lessor's rights or remedies hereunder or enforcing any of the terms, conditions and provisions hereof.

13. OWNERSHIP

The equipment is, and shall at all times be and remain, the sole and exclusive property of Lessor and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this lease.

14. LATE CHARGES

If Lessee fails to pay any part of the rent or other amounts provided for in this lease when due, whether by acceleration or otherwise, Lessee shall, on Lessor's demand, pay interest to Lessor at the rate of 10% per annum on such delinquent payment from the due date thereof until the date such rent or other payment is received by the Lessor together with a one time service charge of \$25.00.

15. AMENDMENTS

This lease shall not be amended, altered or changed except by written agreement signed by the Lessor and Lessee.

16. NOTICES

Service of all notices under this lease shall be sufficient if given personally or mailed by the party involved at it's respective address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the U.S. Mail, duly addressed and with postage prepaid.

17. WARRANTY

Lessor shall further provide the warranties to Lessee set out in Appendix 3 attached hereto and incorporated herein for all intents and purposes.

18. ABATEMENT OF RENT

In the event any of the items warranted in Appendix 3 hereinabove should fail during the first ninety (90) days of this lease, Lessor shall replace such failed warranted items (which replacement shall include the materials therefor) within five (5) days after receipt of notice of such failure ("Replacement Period"). If Lessor fails to effect the replacement within the Replacement Period, the rent applicable to the locomotives for which the replacement is necessary shall be abated (the "Abated Rent") during the period necessary to effect the replacement.

IN WITNESS WHEREOF, Lessor and Lessee have executed these present the day and year first above written.

LESSOR

MIDWEST METALLICS, L.P.

Wendell Beans
Wendell Beans
General Manager, McCook

WITNESS

Nancy Beans

LESSEE

CANDY DANCER, INC.

Richard B. Bertel
President

WITNESS

Latti Matson

GUARANTY

In consideration of the extension of credit to Gandy Dancer, Inc. (hereinafter the Debtor), by Midwest Metallics, L.P. (hereinafter the Creditor), in the form of that particular lease between Midwest Metallics, L.P. as Lessor and Gandy Dancer, Inc., as Lessee dated July 1, 1995 (the Lease) and \$1.00 and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned Rio Grande Pacific Corporation (hereinafter the Guarantor) will, upon demand, pay to the Creditor any sums now, or hereafter to become due to the Creditor and unpaid on the due date pursuant to the Lease and further, the Guarantor will, upon demand, perform any and all other obligations of the Debtor pursuant to the Lease. The Guarantor does hereby acknowledge, represent and warrant that the Guarantor has received an economic benefit as a result of the transactions contemplated by this Guaranty.

The Creditor may, after the expiration of ten (10) days written notice to Guarantor, or with the consent of the Guarantor and without impairing the liability of the Guarantor, extend the due date of any indebtedness or any part thereof owed to the Creditor by the Debtor, accept any promissory note or other evidence of indebtedness from the Debtor, renew or extend any such note or other evidence of indebtedness, accept collateral in any form for any such indebtedness, or sue upon, compromise or release any claim of the Creditor against the Debtor and/or waive performance or partial performance of the Debtor pursuant to the Lease.

This Guaranty is and shall be unconditional, continuing and remain in force until all obligations evidenced by the Lease are paid and/or performed in full. Notwithstanding any attempted termination or notice of revocation, this Guaranty shall continue in force and shall be binding upon the Guarantor until the entire indebtedness owed by the Debtor to the Creditor shall have been paid in full and all obligations of Debtor pursuant to the Lease shall have been performed.

This Guaranty shall be construed and enforced in accordance with the laws of the State of Illinois and the Guarantor agrees the payments, debts and performance evidenced and required by the Lease being guaranteed herein result from an Illinois contract and the Guarantor does hereby consent to Illinois jurisdiction of any disputes. This Guaranty shall be binding upon the Guarantor, its successors and assigns, and shall insure to the benefit of the Creditor, its successors and assigns.

GUARANTOR:

RIO GRANDE PACIFIC CORPORATION

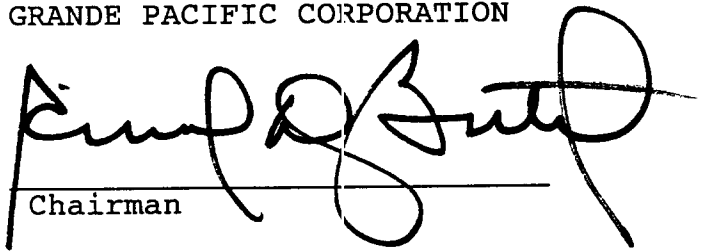
ATTEST:

Patti Matson

Dated: 5-22-95

By:

Chairman

A large, stylized handwritten signature in black ink, likely belonging to the Chairman, written over a horizontal line.

APPENDIX #1

**Lease/Purchase Agreement between Scrap Service Div. Midwest
Metallics L.P. & Gandy Dancer for five (5) each EMD GP7 Locomotives.**

Unit #	Frame #	Model	Price
2074 (Ex ATSF)	6522-13	GP-7	\$69,476.00
2101 (Ex ATSF)	5170-11	GP-7	\$69,476.00
2094 (Ex ATSF)	5170-1	GP-7	\$69,486.00
2086 (Ex ATSF)	5145-5	GP-7	\$66,476.00
2106 (Ex ATSF)	5110-9	GP-7	\$66,476.00

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